

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Mail Processing Network
Rationalization Service Changes, 2012

Docket No. N2012-1

PUBLIC REPRESENTATIVE'S FIRST SET
OF INTERROGATORIES AND REQUESTS FOR PRODUCTION TO
UNITED STATES POSTAL SERVICE WITNESS MARTIN (PR/USPS-T-6: 1-12)

(December 21, 2011)

Pursuant to 39 CFR 3001.25 through 3001.28, the Public Representative hereby submits the following interrogatories and requests for production of documents. Due to availability of the Public Representative and staff to review Postal Service answers, and the press of other business over the coming holidays, the Public Representative proposes that the witness provide answers no later than January 12, 2012, rather than the customary 14 days. Definitions and instructions included with the Public Representative's First Set of Interrogatories and Requests for Production to United States Postal Service, PR/USPS-1-3 dated December 21, 2011, are hereby incorporated by reference.

The Public Representative encourages the Postal Service to discuss issues of burden, privilege, relevance, or question clarity informally to obviate the need for objections or motions practice.

Respectfully Submitted,

/s/ Christopher J. Laver

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Docket No. N2012-1

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PR/USPS-T-6-1

Please refer to page 6 of your testimony, which states “Changes will promote efficiency in the transportation network.” Please confirm that the term “efficiency” as used here refers to a reduction in excess capacity in the mail processing and transportation networks. If not confirmed, please explain.

PR/USPS-T-6-2

Please refer to page 6 of your testimony which states, “A reduction in the number of processing facilities in the postal network will significantly reduce the number of individual links in the transportation network.” On page 6 you also provide a hypothetical example in Figure 1.

- a. Please confirm that the proposed network rationalization always assumes a reduction of individual links in transportation network. If not confirmed, please explain and provide an example.
- b. Does the proposed network rationalization consider the possible need for new links between processing facilities? If not, please explain.
- c. In the hypothetical example (Figure 1) all processing facilities are linked to each other. If one assumes a scenario in which not all facilities are linked to each other, could it alter your conclusion concerning the significant reduction in “the number of individual links in the transportation network?” Please explain in detail.

PR/USPS-T-6-3

Please refer to page 8 of your testimony which states: “This tension illustrates that the opportunity to optimize transportation in the new network will involve both reductions in trips and some increase in volume, hence capacity utilization, on remaining trips”

- a. Please define optimization as it is used in this context.
- b. Please identify any calculations that estimate the “increase in volume,” and provide those calculations.

PR/USPS-T-6-4

Please refer to page 9 of your testimony which states, “Additionally, the proposed service standards and the corresponding expansion of current mail processing windows will provide the Postal Service with more time to accumulate mail at an origin processing plant for eventual transport to a destination processing plant. As a result, the Postal Service will be

able to increase the capacity utilization of trucks that operate between plants. Such increases will have a suppressive effect on the number of trips between the remaining plants because the Postal Service will be able to schedule fewer trips between the remaining plants *than would otherwise be required* under a more restrictive window to ensure that mail reaches the destination plant by the applicable critical entry time.”

- a. Please provide calculations showing the current capacity utilization of trucks, and provide an estimate of an acceptable level of capacity utilization.
- b. Please confirm that there is a limit to the ability to increase “the capacity utilization of trucks that operate between plants”? If confirmed, please provide an estimate of how that limit could be calculated.
- c. Does the rationalization plan consider possible increases in trip length? If so, please provide the data and calculations. If not confirmed, please explain.

PR/USPS-T-6-5

Please refer to pages 10 and 11 of your testimony, specifically Figures 3 and 4. On page 10 you also state: “By reducing the number of plant-to-Post Office links within a defined geographic area and collapsing two service areas into one, the Postal Service will be able to reduce the number of operating miles within that area. Additionally, an expanded mail processing window, combined with a reduction in the number of plants, would enable the Postal Service to decrease the number of surface transportation trips required to service a particular area.”

- a. Are “the number of operating miles” identified in Figure 4 necessarily, in all circumstances, less than in Figure 3? Please confirm.
- b. Would the Postal Service, in all cases, be able to decrease the number of surface transportation trips?

USPS/PR-T-6-6

Please refer to page 13 of your testimony which states, “Although such savings would be mitigated by any increase in transportation cost due to the fact that remaining plants must be connected to more Post Offices in the realigned network, I expect the Postal Service to realize plant-to-Post Office surface transportation cost savings when it rationalizes the processing network.”

- a. Please confirm that an increase in the number of connections between the remaining plants in the network increase the number of operating miles? If not confirmed, please explain.

- b. Please provide, if available, details of any estimates of the potential increase in transportation costs? If not available, please explain why such estimates have not been made.
- c. Please explain the basis for the expectations of surface transportation cost savings.

USPS/PR-T-6-7

Please refer to page 14 of your testimony, which states "The consolidation of mail processing facilities and the corresponding realignment of the transportation network will result in the diversion of First-Class Mail volumes with a three-day service standard from surface transportation to air transportation." On page 2 the testimony reads: "First-Class Mail, Priority Mail, and Express Mail intended for carriage and delivery within the continental United States and between the contiguous United States and non-contiguous parts of the domestic service area are transported via air when necessary to achieve the applicable service standards."

- a. Please provide the percentage of First-Class Mail that is currently transported using surface modes.
- b. Please, provide the percentage of First-Class Mail that will be transported using surface modes if the Postal Service implements its plan.

USPS/PR-T-6-8

Please refer to page 15 of your testimony, which states that the increase in the volume of First-Class Mail requiring air transportation was estimated "by assessing the volume of First-Class Mail on current surface transportation lanes that would require air transportation to meet the 8:00 a.m. critical entry time on the day prior to delivery." Please provide and explain the data and calculations used to derive the estimated volume.

USPS/PR-T-6-9

Please refer to page 15 of your testimony which states: "The increase in cost for such diversion will depend on price charged by the carrier to transport the mail... Additionally, the diversion of such mail from surface to air transportation will increase the handling costs of such mail". Please provide any analysis, including short-term or long-term projections, which estimate the costs charged by air transportation providers for increased use of the service. If such analysis has not been performed, please explain.

USPS/PR-T-6-10

Please refer to USPS-LR-11, Transportation, File: Preface.doc, where you state that mail volumes associated with origin/destination (o/d) plant pairs where distance between them would take more than 24 surface transportation time, diverted their First Class volume to air

transportation. You also state that one may identify additional routes where mail is diverted from highway to air transportation by comparing the current First-Class Mail transportation mode matrix with “the hypothetical transportation mode matrix contained in USPS-LR-N2012-1/8, sponsored by witness Williams (USPS-T-1).”

- a. Please confirm that none of the files in USPS-LR-N2012-1/8 contain the current or proposed o/d pairs by travel time and FY2010 First Class RPW volume.
- b. If confirmed, please provide source data in machine-readable format showing each o/d pair in the current network and the proposed network, with the estimated highway time and FY2010 First Class RPW volumes for each o/d pair.
- c. If not confirmed, please explain how the files in USPS-LR-N2012-1/8 can be used to derive the information requested in “b”.

USPS/PR-T-6-11

Please refer to page 12 of your testimony which states, “I analyzed a subset of routes in the network to identify operating miles that could be eliminated in the rationalized mail processing environment.... In so doing, I analyzed whether certain trips with low utilization on existing routes could be eliminated, thereby reducing operating miles, without compromising the Postal Service’s ability to move existing mail volumes. Based on this analysis, I estimate that the number of operating miles in the current network could be reduced by approximately 13.68 percent in the rationalized network.

- a. Please refer to USPS-LR-N2012-1/11, Transportation Spreadsheets LR.xls, Worksheet: “Plant to Post Office.” Please reconcile the average percentage reduction shown as 14.45 percent and the 13.68 percent you refer to in your testimony. Please explain whether the percentage reduction shown in the spreadsheet was limited to the routes in the example, and 13.68 percent is the reduction that would occur if you applied the method used in the spreadsheet to the entire universe of routes.
- b. Please provide the utilization rate, below which, a route could be eliminated.

USPS/PR-T-6-12

Please refer to page 12 of your testimony where there is an evaluation of Plant-to-Post-Office Routes, and it reads, “I analyzed a subset of routes (in 5 out of 7 areas) in the network to identify operating miles that could be eliminated in the rationalized mail processing environment. (This work is presented in Library Reference USPS-LR-N2012-1/11.)

- a. What percentage of all routes in each area was included in your study?

- b. The chart below depicts the percent of miles reduced from network realignment in each of the 16 areas you studied. There appear to be at least two outliers. Please explain why they were retained.
- c. Why were the Pacific and Cap Metro areas not included?
- d. What method, if any, was used to determine which routes were sampled?
- e. Do you consider your sampling procedure adequate to produce a reliable estimate of Plant-to-Post-Office reduction? If so, please explain.

